

EXHIBIT RR

REDACTED PUBLIC
VERSION

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE)
ANTITRUST LITIGATION)
) No. 11-CV-2509-LHK
THIS DOCUMENT RELATES TO:)
ALL ACTIONS.)
_____)

CONFIDENTIAL - ATTORNEYS' EYES ONLY

VIDEO DEPOSITION OF MICHELINE CHAU

FEBRUARY 21, 2013

Reported by: Rosalie A. Kramm, CSR No. 5469, CRR

10:35:53 1 alleged violation of the antitrust laws." You are

10:35:58 2 certainly welcome to take whatever time you need to

10:36:01 3 review the document, but that's the part I'm going to be

10:36:03 4 asking you about.

10:36:31 5 A. Okay.

10:36:32 6 Q. Have you seen this document before?

10:36:33 7 A. It looks familiar.

10:36:34 8 Q. When did you see this last?

10:36:37 9 A. Gosh, I don't remember.

10:36:46 10 Q. So this document was filed in connection with

10:36:49 11 the lawsuit brought by the United States Department of

10:36:52 12 Justice against Lucasfilm in connection with its

10:36:55 13 investigation regarding Lucasfilm's employment and

10:37:00 14 recruiting practices. If you look at section II, Roman

10:37:07 15 II, on page 2, there is a paragraph that begins at --

10:37:13 16 towards the bottom that says, "Lucasfilm and Pixar are

10:37:17 17 rival digital animation studios."

10:37:19 18 Do you see that?

10:37:20 19 A. Yes.

10:37:26 20 Q. Do you agree that Lucasfilm and Pixar are rival

10:37:29 21 digital animation studios?

10:37:31 22 A. No.

10:37:32 23 Q. From time to time did Lucasfilm and Pixar

10:37:42 24 compete for employee talent?

10:37:48 25 A. Very rarely.

10:37:51 1 Q. From time to time they did, though. Would you
10:37:53 2 agree?

10:37:53 3 A. From time to time, yes.

10:37:54 4 Q. Now, this says, in the next sentence,
10:37:57 5 "Beginning no later than January 2005, Lucasfilm and
10:38:01 6 Pixar agreed to a three-part protocol that restricted
10:38:05 7 recruiting of each others' employees."

10:38:07 8 Do you see that?

10:38:08 9 A. Yes.

10:38:11 10 Q. To -- do you agree that that is true?

10:38:18 11 MR. PURCELL: Objection. No foundation.

10:38:22 12 THE WITNESS: Again, I explained to you what I
10:38:24 13 thought was the arrangement, and it isn't this.

10:38:28 14 BY MR. SAVERI:

10:38:28 15 Q. Well, do you deny that this is an accurate
10:38:36 16 statement?

10:38:38 17 A. I can't deny it, because it -- I found out
10:38:42 18 during the DOJ investigation that this was in effect.

10:38:48 19 Q. Now, it says, "Beginning no later than January
10:38:50 20 2005." Do you see that?

10:38:51 21 A. Yes.

10:38:52 22 Q. Okay. And I think you've told me a couple of
10:38:55 23 times that you understand that the arrangement -- the
10:38:57 24 first time you heard about it was sometime in the 2003 to
10:39:00 25 2004 period.

10:39:02 1 A. Yes.

10:39:02 2 Q. Correct?

10:39:04 3 Do you know what this reference is to January
10:39:08 4 2005?

10:39:09 5 A. No.

10:39:10 6 Q. Okay. Now, this document says -- again, it
10:39:19 7 talks about a three-part protocol, and then it begins
10:39:23 8 "First." Are you with me?

10:39:24 9 A. Yes.

10:39:25 10 Q. It says, "First, Lucasfilm and Pixar agreed
10:39:28 11 that they would not cold call each others employees.

10:39:31 12 Do you see that?

10:39:32 13 A. Yes.

10:39:32 14 Q. Do you agree that that's true?

10:39:35 15 MR. PURCELL: Please keep the document down so
10:39:37 16 the camera --

10:39:38 17 THE WITNESS: Oh, okay.

10:39:39 18 I guess based on my understanding of the DOJ
10:39:42 19 investigation, yes, that's --

10:39:47 20 BY MR. SAVERI:

10:39:48 21 Q. Yes?

10:39:48 22 A. Yes.

10:39:52 23 Q. And then, "Second" -- let me just work through
10:39:54 24 it, it says, "Second, they agreed," that is Lucasfilm,
10:39:59 25 Pixar, "agreed to notify each other when making an offer

10:40:03 1 to an employee of the other firm."

10:40:05 2 Do you understand that to be true?

10:40:07 3 A. After understanding the DOJ investigation, I
10:40:11 4 understand that to be true, yeah.

10:40:13 5 Q. And then third it says, "They agreed that when
10:40:15 6 offering a position to the other company's employees,
10:40:17 7 neither would counter offer above the initial offer."

10:40:21 8 Do you see that?

10:40:22 9 A. Yes.

10:40:22 10 Q. Do you understand that to be true?

10:40:25 11 A. Given my previous qualification, yes, now I
10:40:27 12 understand that to be true.

10:40:29 13 Q. Now, the document goes on to say, "The protocol
10:40:34 14 covered all digital animators and other employees of both
10:40:38 15 firms and was not limited by geography, job function,
10:40:42 16 product group, or time period." Do you see that?

10:40:45 17 A. Yes.

10:40:46 18 Q. Do you understand that to be a true statement?

10:40:47 19 A. Yes.

10:40:48 20 Q. And then the next paragraph says, "Senior
10:40:50 21 executives at the two firms agreed on the protocol
10:40:53 22 through direct and explicit communications."

10:40:55 23 Do you understand that to be true?

10:40:58 24 A. Apparently.

10:40:59 25 Q. Now, the best of your knowledge, who were -- or

10:41:04 1 who were the senior executives at Lucasfilm that agreed
10:41:10 2 to the protocol discussed here?

10:41:12 3 MR. PURCELL: Objection. No foundation, asked
10:41:14 4 and answered.

10:41:15 5 THE WITNESS: I don't know.

10:41:18 6 BY MR. SAVERI:

10:41:18 7 Q. And then it says, "In furtherance of this
10:41:20 8 agreement, Pixar drafted the terms of the agreement with
10:41:24 9 Lucasfilm and communicated those written terms to
10:41:27 10 Lucasfilm."

10:41:28 11 Do you see that?

10:41:28 12 A. Yes.

10:41:29 13 Q. Do you understand that to be correct?

10:41:30 14 A. Apparently, yes.

10:41:31 15 Q. Do you know who at Lucasfilm Pixar communicated
10:41:35 16 the written terms to?

10:41:36 17 A. I do not know.

10:41:38 18 Q. I take it it wasn't to you.

10:41:40 19 A. No.

10:41:41 20 Q. Now, it says, "Both firms communicated the
10:41:43 21 agreement to management and select employees with hiring
10:41:47 22 or recruiting responsibilities."

10:41:48 23 Do you see that?

10:41:49 24 A. Yes.

10:41:49 25 Q. Do you understand that to be true?

10:41:50 1 A. Yes.

10:41:51 2 Q. Now, were you -- well, let me break it into
10:42:10 3 pieces. Did you communicate the terms of the agreement
10:42:17 4 to anybody at Lucasfilm?

10:42:21 5 MR. PURCELL: Objection. No foundation; asked
10:42:22 6 and answered.

10:42:22 7 THE WITNESS: No.

10:42:25 8 BY MR. SAVERI:

10:42:25 9 Q. And did someone communicate it to you?

10:42:29 10 MR. PURCELL: Same objections.

10:42:30 11 THE WITNESS: No.

10:42:30 12 BY MR. SAVERI:

10:42:31 13 Q. Now, it says here, "Twice in 2007 Pixar
10:42:34 14 complained to Lucasfilm about recruiting efforts
10:42:34 15 Lucasfilm had made."

10:42:36 16 Do you see that?

10:42:37 17 A. Yes.

10:42:37 18 Q. Do you understand that to be true?

10:42:38 19 A. I don't know.

10:42:39 20 Q. Now, do you -- in 2007 did anybody at Pixar
10:42:48 21 complain to you about recruiting efforts Lucasfilm had
10:42:51 22 made?

10:42:52 23 A. Not that I can remember.

10:42:57 24 Q. Do you know who the person or people are at
10:43:06 25 Lucasfilm to whom Pixar complained about recruiting

12:03:12 1 Q. Was this project completed on or about that
12:03:15 2 time?

12:03:15 3 A. I can't remember.

12:03:16 4 Q. And do you recall whether this -- well, whether
12:03:21 5 there was a series or -- do you recall whether there were
12:03:24 6 recommendations made by Ms. Maupin or Ms. Coker or a
12:03:30 7 group she was working with, with respect to Lucasfilm's
12:03:33 8 compensation from the end of 2006 to the beginning of
12:03:35 9 2007?

12:03:36 10 A. I can't remember.

12:03:39 11 Q. Well, if you look at the bottom of the next
12:03:43 12 page, there is a bullet for market average base pay. Do
12:03:48 13 you see that?

12:03:49 14 A. Yes.

12:03:49 15 Q. And then I think we talked about this, but just
12:03:50 16 let me make sure we're on the same page. [REDACTED]

[REDACTED]
[REDACTED]
12:04:00 19 A. Yes.

12:04:01 20 Q. And is that what you described to me earlier?

12:04:03 21 A. Yes.

12:04:04 22 Q. And this says, [REDACTED]

[REDACTED]
[REDACTED] You discussed that with me earlier too,
12:04:16 25 correct?

12:04:17 1 A. I discussed it in reference to selected
12:04:21 2 critical talent.

12:04:22 3 Q. Okay.

12:04:23 4 A. I'm not sure we talked about either of the
12:04:24 5 other.

12:04:25 6 Q. Well, I guess maybe that's my question.

12:04:27 7 A. Yeah.

12:04:27 8 Q. Does this accurately describe what Lucasfilm's
12:04:31 9 goal was with respect to studio position, selected
12:04:34 10 critical talent, and senior manager?

12:04:38 11 MR. PURCELL: Objection. No foundation.

12:04:39 12 THE WITNESS: I don't remember, but what I
12:04:40 13 remember is selected critical talent.

12:04:47 14 BY MR. SAVERI:

12:04:47 15 Q. Now, were these goals or -- or -- or
12:05:02 16 calculations, [REDACTED]

[REDACTED] figures that you recall Lucasfilm employing
12:05:16 18 throughout the time that you were the president?

12:05:18 19 A. Not throughout the time I was president, but
12:05:22 20 from time to time. [REDACTED] like I said to you, for
12:05:26 21 sure.

12:05:27 22 Q. Okay.

12:05:27 23 A. [REDACTED]

12:05:31 24 Q. Okay. And I guess part of my question was
12:05:33 25 whether this -- [REDACTED] was instituted or

12:05:37 1 recommended and adopted in 2006 or whether that was, in
12:05:40 2 fact, a policy that was in place prior to that.

12:05:43 3 A. I do not believe there was a policy in place
12:05:45 4 prior to that, but [REDACTED] was something that was common
12:05:53 5 practice, even when I got there.

12:05:54 6 Q. So -- just so I'm clear, was there a point in
12:05:56 7 time after this -- the date of this, which is late 2006,
12:05:59 8 where that [REDACTED] -- I don't know if you call it a
12:06:03 9 benchmark or figure, was -- was adopted more as a goal at
12:06:08 10 Lucas --

12:06:09 11 A. I --

12:06:09 12 Q. -- or as a policy?

12:06:10 13 A. I wouldn't call it a policy. I think it was a
12:06:13 14 practice or a process.

12:06:14 15 Q. Okay.

12:06:15 16 A. [REDACTED], again, like I said, depending on
12:06:18 17 industry circumstance, sometimes was in the -- sometimes
12:06:22 18 it was [REDACTED], and when the economic
12:06:26 19 conditions didn't need it, [REDACTED]

12:06:29 20 Q. Okay.

12:06:29 21 A. So that's what I mean. It wasn't a policy,
12:06:32 22 because it moved around.

12:06:33 23 Q. So is it fair to say, though, that when the
12:06:36 24 economic conditions permitted it, Lucasfilm would not
12:06:41 25 shoot to compensate people [REDACTED], but if they

12:06:44 1 could, [REDACTED].

12:06:47 2 A. Yes.

12:06:47 3 Q. Okay. This document was marked as Exhibit 360
12:07:24 4 at Sharon Coker's deposition. Do you recognize this
12:07:29 5 document?

12:07:31 6 A. Not really.

12:07:32 7 Q. Okay. Now, the document is entitled -- well,
12:07:38 8 it looks like it is a printout of an Excel spreadsheet at
12:07:42 9 the top, and it's entitled, "2006 proposed salary
12:07:45 10 structure." Do you see that?

12:07:46 11 A. Yes.

12:07:47 12 Q. Now -- and it is dated, I guess, in the middle
12:07:49 13 of November 2005. Do you see that?

12:07:51 14 A. Yes.

12:07:56 15 Q. Now, let me ask you a couple of questions about
12:07:58 16 this document. Down the -- the -- well, in -- in
12:08:00 17 column A there is something called "Salary grade." Do
12:08:04 18 you see that?

12:08:05 19 A. Yes.

12:08:05 20 Q. What are -- what -- do you recognize those
12:08:09 21 numbers as salary grades that were used by Lucasfilm?

12:08:13 22 A. I don't recognize them.

12:08:15 23 Q. Well, did Lucasfilm at this time organize its
12:08:18 24 workforce in -- into or across 21 salary grades, to the
12:08:23 25 best of your recollection?

12:08:24 1 A. I don't remember.

12:08:29 2 Q. Now, the next three columns are respectively
12:08:37 3 identified, minimum, midpoint, and maximum. Do you see
12:08:40 4 that?

12:08:41 5 A. Yes.

12:08:41 6 Q. Ordinarily did Lucasfilm make those sorts of
12:08:44 7 calculations for salary grades in determining a salary
12:08:48 8 structure for the coming year, as a matter of practice?

12:08:51 9 A. Not that I remember.

12:08:53 10 Q. Okay.

12:08:54 11 A. I just don't know.

12:08:55 12 Q. Okay. As part of your job as president of the
12:09:00 13 company, during this period of time, did you receive or
12:09:06 14 participate in making decisions on a recommendation of a
12:09:09 15 salary structure on an annual basis of this type?

12:09:14 16 A. I can't remember.

12:09:15 17 Q. One way or the other.

12:09:16 18 A. Yeah. I can't remember one way or the other.

12:09:18 19 Q. So, for example, I think you testified earlier
12:09:20 20 today that the -- the board of directors, at least at a
12:09:28 21 very broad and high level, would approve a salary
12:09:29 22 structure for the coming year, correct?

12:09:32 23 A. Well, they would approve a general performance,
12:09:35 24 you know, merit increase or performance bonus. They
12:09:38 25 would never get into this kind of detail.

12:27:17 1 compensation committee?

12:27:18 2 A. No.

12:27:28 3 Q. And then if you flip over to the tenth, the
12:27:30 4 next page, it says, "Currently Scheduled."

12:27:35 5 Do you see that?

12:27:36 6 A. Uh-huh.

12:27:36 7 Q. It says, "Board meetings scheduled on
12:27:38 8 April 3rd."

12:27:39 9 Do you see that?

12:27:40 10 A. Yes.

12:27:40 11 Q. Was that generally the time that the board of
12:27:42 12 directors approved this?

12:27:44 13 A. Generally.

12:27:45 14 Q. And then that would be the decision for the
12:27:49 15 coming year, correct?

12:27:50 16 A. Well, the bonus for the previous year and the
12:27:53 17 merit increases for the coming year.

12:27:54 18 Q. And when -- then when were the bonuses paid?

12:27:57 19 A. I don't quite recall. Like I said, everything
12:28:00 20 happened in the spring.

12:28:01 21 Q. Okay. Now, on page 13 of this, it describes
12:28:18 22 elements of cash compensation.

12:28:19 23 A. Uh-huh.

12:28:19 24 Q. You see that? It says, "For most employees of
12:28:21 25 Lucasfilm, the elements of cash compensation will be base

12:28:24 1 pay and annual bonus (short-term incentive) payments."

12:28:28 2 Do you see that?

12:28:30 3 A. Uh-huh.

12:28:30 4 Q. Is that accurate?

12:28:31 5 A. Yes.

12:28:31 6 Q. And then it says, "Benchmarking. [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] using compensation surveys

12:28:40 9 that are relevant to the specific job or job family."

12:28:43 10 And that's correct as well, correct?

12:28:45 11 A. Yes.

12:28:46 12 Q. And then, [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]."

12:28:56 16 Do you see that?

12:28:58 17 A. Correct.

12:28:58 18 Q. That is also correct, right?

12:28:59 19 A. Again, my understanding was it was very

12:29:01 20 specific technical positions.

12:29:03 21 Q. But as a general matter this accurately

12:29:05 22 describes the company policy?

12:29:06 23 A. Generally.

12:29:07 24 MR. PURCELL: Objection. Vague.

25 //

12:29:09 1 BY MR. SAVERI:

12:29:09 2 Q. Now, if you look over on the last page -- the
12:29:13 3 next page, excuse me, it talks about utilize surveys and
12:29:16 4 it talks about Radford, Croner, Mercer, and IPAS. Does
12:29:21 5 that refresh your recollection that those are the surveys
12:29:24 6 that Lucasfilm used in -- as part of its review of its
12:29:28 7 compensation structure?

12:29:30 8 A. I don't remember. I -- like I said, I remember
12:29:33 9 Radford.

12:29:35 10 Q. Okay.

12:29:35 11 A. But I don't remember the rest of them.

12:29:38 12 Q. You don't have any reason to believe this is
12:29:40 13 incorrect, do you?

12:29:41 14 A. No.

12:29:41 15 Q. There is a reference to industry specific
12:29:44 16 budgets. Do you see that?

12:29:45 17 A. Yes.

12:29:45 18 Q. It says, "Studios and Gaming." Do you know
12:29:48 19 what that is a reference to?

12:29:49 20 A. No.

12:29:49 21 Q. Then CPI, did -- did Lucasfilm look at the
12:29:52 22 Consumer Price Index in the Bay Area as part of its
12:29:56 23 consideration of --

12:29:58 24 A. Yes.

12:29:58 25 Q. -- compensation?

14:08:57 1 any of the people who are referred to in this email about

14:09:00 2 [REDACTED] offer from Pixar?

14:09:03 3 A. I don't recall.

14:09:03 4 Q. Do you know if Lucasfilm countered that offer

14:09:06 5 pursuant to the agreement that's discussed here?

14:09:08 6 A. I don't know.

14:09:09 7 Q. Was it -- were you ever asked to approve a

14:09:13 8 counter offer to someone who worked at Lucasfilm who

14:09:19 9 received an offer from Pixar?

14:09:22 10 A. I don't remember. I don't think so.

14:09:26 11 Q. Was that something that rose to your level of

14:09:29 12 authority, or was that something that organizationally

14:09:31 13 was handled within the HR department or somewhere else?

14:09:35 14 A. It usually was handled within the business

14:09:37 15 unit.

14:09:38 16 Q. Okay.

14:09:38 17 A. Unless it was an extraordinary amount. Then it

14:09:42 18 might have risen to my level.

14:09:44 19 Q. Okay. But suffice it to say, you don't recall

14:09:47 20 any situation where something rose to your level

14:09:50 21 regarding a counter offer to a Lucasfilm person who

14:09:53 22 received an offer from Pixar.

14:09:55 23 A. I don't recall.

14:09:56 24 (Exhibit 954 was marked for identification.)

25 //

14:09:56 1 BY MR. SAVERI:

14:09:57 2 Q. Ms. Chau, I've handed you what has been marked
14:10:58 3 as Exhibit 954, which is a document with a Bates number
14:11:02 4 LUCAS00122500. Do you have that in front of you?

14:11:08 5 A. Yes.

14:11:08 6 Q. If you'll look at the top of the page, it
14:11:13 7 indicates it's from B.Z. Petroff, dated Friday,
14:11:18 8 December 1, 2006, to Gail Currey, yourself, and Steve
14:11:21 9 Condiotti.

14:11:22 10 Do you see that?

14:11:23 11 A. Yes.

14:11:24 12 Q. Did you receive this email from B.Z. Petroff on
14:11:28 13 or about this date?

14:11:29 14 A. I might have. I don't remember.

14:11:32 15 Q. Who or -- was B.Z. Petroff in December of 2006?

14:11:40 16 A. B.Z. was the head of recruiting.

14:11:42 17 Q. Okay. And is B.Z. a man or a woman?

14:11:44 18 A. A woman.

14:11:47 19 Q. And at this time what was Gail Currey's job?

14:11:51 20 A. I think Gail was still general manager of
14:11:55 21 Lucasfilm Animation.

14:11:57 22 Q. And was Mr. Condiotti CFO at this time?

14:12:01 23 A. I think he -- at that time he was the vice
14:12:03 24 president of finance.

14:12:05 25 Q. Okay. Now, the email exchange begins with an

14:12:11 1 email to you, Steve Condiotti, and B.Z. Petroff earlier
14:12:16 2 that day on December 1st.

14:12:18 3 Do you see that?

14:12:19 4 A. Yes.

14:12:19 5 Q. And Gail Currey says -- or writes, "We made an
14:12:21 6 offer to a beginning level R&D TD to replace [REDACTED]

[REDACTED] [REDACTED] and he has an offer from
14:12:28 8 Pixar, SONY North, Iceblink (Bob Zemeckis) and DD (Cliff
14:12:33 9 at work)...one little beginner..."

14:12:36 10 Do you see that?

14:12:37 11 A. Yes.

14:12:37 12 Q. And then Petroff writes back and says, "Wow,
14:12:41 13 it's a war out there."

14:12:42 14 Do you see that?

14:12:42 15 A. Yes.

14:12:44 16 Q. What did you understand her to mean when she
14:12:47 17 said, "it's a war out there"?

14:12:50 18 A. That people are getting multiple offers.

14:12:58 19 Q. And why -- why is that a war?

14:13:01 20 MR. PURCELL: Objection. No foundation; calls
14:13:02 21 for speculation.

14:13:04 22 THE WITNESS: I don't have a clue how she --
14:13:05 23 why she would say that.

14:13:07 24 BY MR. SAVERI:

14:13:08 25 Q. Well, what -- with respect to your efforts to

14:13:11 1 recruit and retain, what did the fact that applicants or
14:13:16 2 persons who worked for the company were receiving
14:13:19 3 multiple offers mean?

14:13:24 4 A. I don't understand the question.

14:13:26 5 Q. Well, did you feel like the fact that there
14:13:29 6 were companies out there making multiple offers put
14:13:34 7 pressure on Lucasfilm to raise its compensation in order
14:13:39 8 to recruit and retain talented people?

14:13:42 9 A. Not necessarily.

14:13:46 10 Q. Sometimes?

14:13:47 11 A. Sometimes.

14:13:56 12 Q. Well, do you understand the reference that
14:14:00 13 Ms. Petroff made to -- well, she writes, "Looks like 2007
14:14:06 14 is going to be an R&D year."

14:14:09 15 Do you see that?

14:14:10 16 A. Yes.

14:14:10 17 Q. What did you understand her to mean?

14:14:13 18 A. I think she thinks that it's going to be hard
14:14:15 19 to recruit R&D folks.

14:14:18 20 Q. Because demand for -- from a number of
14:14:21 21 companies for people with those skillsets?

14:14:23 22 A. Yes.

14:14:27 23 Q. Did Lucasfilm have to raise its compensation in
14:14:31 24 order to recruit and retain R&D personnel as a result of
14:14:37 25 the competitive condition in the market at this time?

14:14:41 1 A. I don't remember specifically if it was at this
14:14:44 2 time. But if you remember, we had a conversation about
14:14:47 3 [REDACTED].

14:14:52 4 Q. Right.

14:14:53 5 A. And certain specific skilled software engineers
14:14:56 6 at the very high end would probably have fallen in this
14:15:00 7 category.

14:15:01 8 Q. Now, we've talked a few times today about the
14:15:08 9 fact that there were certain times when certain people --
14:15:13 10 well, we've talked about how with respect to certain
14:15:16 11 times, certain people, that the target -- the median
14:15:20 12 target was [REDACTED].

14:15:23 13 A. Correct.

14:15:25 14 Q. Were -- were you the person who would approve
14:15:29 15 that, that is the [REDACTED]?

14:15:33 16 A. I did not need to do that.

14:15:35 17 Q. Okay. Was that something that could be done,
14:15:36 18 at least in terms of the organization and process, by
14:15:41 19 people that reported to you?

14:15:42 20 A. Yes.

14:15:43 21 Q. Without your approval?

14:15:43 22 A. Yes.

14:15:44 23 Q. Did that include people like -- well, could
14:15:48 24 that have been decided by Sharon Coker, Jan Van der
14:15:55 25 Voort?

14:15:56 1 A. Yes.

14:16:24 2 Q. I've handed you what has been marked as

14:16:26 3 Exhibit 353. The top of the first page is an email from

14:16:31 4 Gail Currey to you, Mr. Condiotti, Sharon Coker, and

14:16:34 5 Michelle Maupin, dated December 5th, 2006.

14:16:39 6 Do you see that?

14:16:39 7 A. Yes.

14:16:47 8 Q. On the bottom of the document is an email from

14:16:50 9 someone named [REDACTED] regarding his

14:16:57 10 offer of a position at Sony Pictures.

14:17:00 11 Do you see that?

14:17:00 12 A. Yes.

14:17:07 13 Q. Did you receive this email from Gail Currey on

14:17:10 14 or about this date?

14:17:11 15 A. I don't remember the email, but I must have.

14:17:15 16 Q. She writes, "Another R&D TD."

14:17:18 17 Do you see that?

14:17:19 18 A. Yes.

14:17:20 19 Q. And is that a reference to -- does that

14:17:26 20 indicate to you that [REDACTED] was a -- was an R&D TD

14:17:33 21 who got an offer from another company?

14:17:37 22 A. My -- my -- must have been.

14:17:39 23 Q. And do you know -- what did you understand her

14:17:44 24 to mean when she wrote, "This is going to get very ugly"?

14:17:49 25 A. I didn't understand anything. I think --

15:21:34 1 Q. Right.

15:21:35 2 A. And, you know, high quality work, good working
15:21:38 3 environment, there are lots of other reasons why one
15:21:42 4 would want to work someplace, and I wasn't interested.

15:21:45 5 Q. Okay.

15:21:46 6 A. I was happy enough with what I had.

15:21:48 7 Q. And I -- don't get me wrong. I'm not trying to
15:21:51 8 say that those -- or ask -- ask you whether those were
15:21:54 9 not important, but as part of what -- when you were
15:21:56 10 thinking about your satisfaction with your job, did you
15:21:59 11 think -- did you consider compensation?

15:22:02 12 A. Yes.

15:22:03 13 Q. And did what -- when you thought about whether
15:22:08 14 that compensation was fair, did you think about what the
15:22:12 15 market was for someone with your skills and abilities?

15:22:15 16 A. Yes.

15:22:16 17 Q. Okay. And when you thought about that, did
15:22:19 18 what other firms pay for that enter into your
15:22:27 19 consideration what was -- what you believe was fair for
15:22:30 20 the work you did for the company?

15:22:32 21 A. Yes.

15:22:32 22 Q. And so when you received information from other
15:22:35 23 sources about what your peers were compensated, did that
15:22:40 24 go into what you -- you were thinking about with respect
15:22:44 25 to the fairness of your compensation at Lucas?

15:22:47 1 A. Yes.

15:22:48 2 Q. Okay. Now, did the information you received
15:22:58 3 during the cold calls from time to time about what other
15:23:01 4 opportunities were and what others might pay for someone
15:23:03 5 with your -- your skillset inform your thinking in that
15:23:07 6 respect?

15:23:08 7 A. Not really.

15:23:10 8 Q. But to some degree?

15:23:12 9 A. To a very, very minor degree.

15:23:23 10 Q. Now, earlier today a few times we talked about
15:23:25 11 particular types of employees where from time to time the
15:23:30 12 kind of median compensation target was [REDACTED]
[REDACTED].

15:23:36 14 A. Yes.

15:23:36 15 Q. Can you give me a general sense about what --
15:23:39 16 what -- what jobs those were? We talked about, I think,
15:23:43 17 high-end software engineers; is that right?

15:23:46 18 A. Yes.

15:23:46 19 Q. Were there other types of employees that you
15:23:48 20 would put in that category by job title or job category?

15:23:56 21 A. Visual effects supervisors, maybe. Not a lot
15:24:02 22 of other folks.

15:24:07 23 Q. Well, did Lucasfilm -- was Lucasfilm
15:24:16 24 particularly concerned that it might lose those employees
15:24:21 25 to other companies if -- if Lucasfilm didn't adjust the

15:24:25 1 compensation levels to that [REDACTED]?

15:24:30 2 A. I don't -- I'm not sure the concern as much was
15:24:33 3 about losing as about attracting.

15:24:38 4 Q. Okay. So would you agree with me that when
15:24:41 5 setting compensation levels, one of the things that
15:24:44 6 Lucasfilm was considering was recruiting?

15:24:48 7 A. Yes.

15:24:48 8 Q. And another aspect of it was retention.

15:24:52 9 A. Some aspect of it was retention.

15:24:54 10 Q. But it is your belief that it was most
15:24:57 11 important with respect to the recruiting part of that.

15:25:01 12 A. Generally, yes.

15:25:27 13 Q. In your position as president, from time to
15:25:29 14 time did you receive word from your HR staff that
15:25:33 15 particular companies were making concerted efforts to
15:25:37 16 cold call -- to cold call Lucasfilm employees?

15:25:41 17 A. From time to time, yes.

15:25:42 18 Q. And one of them was IMD, right?

15:25:44 19 A. Yes.

15:25:45 20 Q. Were there others that you can recall?

15:25:50 21 A. Well, it happens all the time.

15:25:52 22 Q. Right.

15:25:53 23 A. So there would be IMD, there would be sometimes
15:25:57 24 Sony down in L.A. There would be, you know, sometimes

15:26:01 25 E.A. So -- but it -- the nature of our industry is very

15:26:08 1 project driven. So you would have these spikes, and then
15:26:11 2 you have dips and spikes and dips. So there was always
15:26:15 3 somebody looking for our employees.

15:26:43 4 Q. Did -- did Lucasfilm sometimes raise its
15:26:45 5 compensation or compensation levels preemptively to stay
15:26:50 6 competitive in the market?

15:26:54 7 MR. PURCELL: Objection. Vague.

15:26:55 8 THE WITNESS: I don't quite understand the
15:26:56 9 question.

15:26:58 10 BY MR. SAVERI:

15:26:58 11 Q. Well, you told me just -- just a minute ago
15:27:04 12 that there were -- that there were company -- that the
15:27:12 13 business was project driven and there were companies
15:27:15 14 frequently, if not regularly, calling in to Lucasfilm to
15:27:20 15 recruit Lucasfilm folks; is that fair?

15:27:22 16 A. Yes.

15:27:22 17 Q. Now, in response to that reality, did Lucasfilm
15:27:32 18 preemptively raise its salaries to prevent or discourage
15:27:39 19 employees from -- from -- from moving?

15:27:45 20 A. I can't recall.

15:27:48 21 Q. Well, do you recall any discussions at
15:27:50 22 Lucasfilm when setting compensation to -- in substance --
15:27:54 23 in sum or substance, that we need to raise salaries
15:27:57 24 because other companies are always recruiting into our
15:28:02 25 company, and we need to retain those folks?

16:41:10 1 I, Rosalie A. Kramm, Certified Shorthand
 16:41:10 2 Reporter licensed in the State of California, License No.
 16:41:10 3 5469, hereby certify that the deponent was by me first
 16:41:10 4 duly sworn and the foregoing testimony was reported by me
 16:41:10 5 and was thereafter transcribed with computer-aided
 16:41:10 6 transcription; that the foregoing is a full, complete,
 16:41:10 7 and true record of said proceedings.

16:41:10 8 I further certify that I am not of counsel or
 16:41:10 9 attorney for either of any of the parties in the
 16:41:10 10 foregoing proceeding and caption named or in any way
 16:41:10 11 interested in the outcome of the cause in said caption.

16:41:10 12 The dismantling, unsealing, or unbinding of the
 16:41:10 13 original transcript will render the reporter's
 16:41:10 14 certificates null and void.

16:41:10 15 In witness whereof, I have hereunto set my hand
 16:41:10 16 this day: March 2, 2013.

16:41:10 17 X Reading and Signing was requested.

16:41:10 18 Reading and Signing was waived.

16:41:10 19 Reading and signing was not requested.

16:41:10 20

16:41:10 21

16:41:10 22

 ROSALIE A. KRAMM

16:41:10 23

CSR 5469, RPR, CRR

16:41:10 24

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